

Presentment Date and Time: April 3, 2009 at 12:00 p.m. (Prevailing Eastern Time)
Objection Date and Time: April 2, 2009 at 11:30 a.m. (Prevailing Eastern Time)

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re : **Chapter 11 Case No.**
:
LEHMAN BROTHERS HOLDINGS INC., et al., : **08-13555 (JMP)**
:
Debtors. : **(Jointly Administered)**
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**NOTICE OF PRESENTMENT OF MOTION TO EXPAND THE SCOPE
OF RETENTION OF SIMPSON THACHER & BARTLETT LLP *NUNC
PRO TUNC* AS SPECIAL COUNSEL PURSUANT TO SECTIONS 327(e)
AND 328(a) OF THE BANKRUPTCY CODE AND RULE 2014
OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE**

PLEASE TAKE NOTICE that the undersigned will present the annexed motion, dated March 24, 2009 (the "Motion") to the Honorable James M. Peck, United States Bankruptcy Judge, for approval and signature on **April 3, 2009 at 12:00 p.m. noon (Prevailing Eastern Time)**. The Motion requests approval of the expansion of retention of Simpson Thacher & Bartlett LLP *nunc pro tunc* as special counsel pursuant to sections 327(e) and 328(a) of chapter 11 of the United States Code (the "Bankruptcy Code") and rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

PLEASE TAKE FURTHER NOTICE that objections, if any, to the relief requested in the Motion shall be in writing, shall conform to the Bankruptcy Rules and the Local Rules of the Bankruptcy Court for the Southern District of New York, shall set forth the name of the

objecting party, the basis for the objection and the specific grounds thereof, shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (which can be found at www.nysb.uscourts.gov) by registered users of the Bankruptcy Court's case filing system and by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with two hard copies delivered directly to Chambers), and shall be served upon: (i) the chambers of the Honorable James M. Peck ("Chambers"), One Bowling Green, New York, New York 10004, Courtroom 601; (ii) Weil Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Richard P. Krasnow, Esq., attorneys for the Debtors; (iii) Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York 10004, Attn: James B. Kobak, Jr., Esq., David W. Wiltenburg, Esq., Daniel S. Lubell, Esq., Christopher K. Kiplok, Esq., and Jeffrey S. Margolin, Esq., attorneys for James W. Giddens, Esq., as Trustee for the SIPA Liquidation of the Business of Lehman Brothers Inc.; (iv) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Andy Velez-Rivera, Esq., Paul Schwartzberg, Esq., Brian Masumoto, Esq., Linda Riffkin, Esq., and Tracy Hope Davis, Esq.; (v) Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, New York 10005, Attn: Dennis F. Dunne, Esq., Dennis O'Donnell, Esq., and Evan Fleck, Esq., attorneys for the official committee of unsecured creditors appointed in these cases; (vi) Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, New York 10017-3954, Attn: Mary Elizabeth McGarry, Esq.; and (vii) any person or entity with a particularized interest in the Motion, so as to be received no later than **April 2, 2009 at 11:30 a.m. (prevailing Eastern Time)** (the "Objection Deadline").

PLEASE TAKE FURTHER NOTICE that if a written objection is timely filed prior to the Objection Deadline, a hearing (the "Hearing") will be held to consider the Motion on **April 22, 2009 at 10:00 a.m. (Prevailing Eastern Time)** before the Honorable James M. Peck, United States Bankruptcy Judge, at the United States Bankruptcy Court, Alexander Hamilton Customs House, Courtroom 601, One Bowling Green, New York, New York 10004.

PLEASE TAKE FURTHER NOTICE that objecting parties are required to attend the Hearing, and failure to appear may result in relief being granted or denied upon default.

Dated: March 24, 2009
New York, New York

WEIL GOTSHAL & MANGES LLP

/s/ Richard P. Krasnow
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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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| In re | : | Chapter 11 |
| | : | Case No. 08-13555 |
| LEHMAN BROTHERS HOLDINGS INC., et al., | : | (Jointly Administered) |
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**MOTION TO EXPAND THE SCOPE OF RETENTION OF SIMPSON THACHER &
BARTLETT LLP *NUNC PRO TUNC* AS SPECIAL COUNSEL PURSUANT TO
SECTIONS 327(e) AND 328(a) OF THE BANKRUPTCY CODE AND RULE 2014
OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE**

TO THE HONORABLE JAMES M. PECK
UNITED STATES BANKRUPTCY JUDGE:

Lehman Brothers Holdings Inc. ("LBHI") and its affiliated debtors in the above referenced chapter 11 cases, as debtors and debtors in possession (together, the "Debtors" and, collectively with their non-debtor affiliates, "Lehman"), file this Motion to Expand the Scope of Retention of Simpson Thacher & Bartlett LLP ("Simpson Thacher") as Special Counsel, and respectfully represent:

Background

1. Commencing on September 15, 2008 and periodically thereafter (as applicable, the “Commencement Date”), LBHI and certain of its subsidiaries commenced with this Court voluntary cases under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors’ chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On September 17, 2008, the United States Trustee for the Southern District of New York (the “U.S. Trustee”) appointed a statutory committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code.

3. On January 19, 2009, the U.S. Trustee appointed Anton R. Valukas as examiner in the above-captioned chapter 11 cases (the “Examiner”) and by order, dated January 20, 2009 [Docket No. 2583] the Court approved the U.S. Trustee’s appointment of the Examiner.

Jurisdiction

4. This Court has subject matter jurisdiction to consider and determine this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

Lehman’s Business

5. Prior to the events leading up to these chapter 11 cases, Lehman was the fourth largest investment bank in the United States. For more than 150 years, Lehman has been a leader in the global financial markets by serving the financial needs of corporations, governmental units, institutional clients and individuals worldwide.

6. Additional information regarding the Debtors' businesses, capital structures, and the circumstances leading to the commencement of these chapter 11 cases is contained in the Affidavit of Ian T. Lowitt Pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York in Support of First-Day Motions and Applications, filed on September 15, 2008 [Docket No. 2].

Retention of Simpson Thacher

7. By an order dated November 21, 2008 [Docket No. 1658] (the "Retention Order"), the Court approved the application dated November 3, 2008 filed by the Debtors seeking authorization *nunc pro tunc* to the Commencement Date to employ Simpson Thacher as special counsel to LBHI for certain non-bankruptcy related postpetition matters that are now concluded, and authorization *nunc pro tunc* to the Commencement Date to continue to pay the fees and expenses of Simpson Thacher in connection with a litigation and related insurance claim (the "Application") [Docket No. 1352]. These matters are more fully described in the Affidavit of Mary Elizabeth McGarry dated October 31, 2008 (the "October 31, 2008 McGarry Affidavit"), submitted as Exhibit A to the Application, and the Affidavit of Mary Elizabeth McGarry dated November 18, 2008 (the "November 18, 2008 Supplemental McGarry Affidavit"), submitted to the Court on November 18, 2008 in connection with the Application [Docket No. 1588].

Motion to Expand

8. By this Motion, the Debtors seek to modify the scope of Simpson Thacher's retention as special counsel, previously approved by the Retention Order, to include legal services *nunc pro tunc* to the respective dates of engagement of Simpson Thacher by the Debtors (collectively, the "Engagement Dates") in connection with the following matters

(collectively, the “Additional Matters”): (i) commencing on or around December 18, 2009, the representation of one or more of the Debtors in connection with insurance regulatory advice with respect to insurance company counterparties to derivatives contracts in circumstances where Weil, Gotshal & Manges LLP is unable to provide such advice due to conflicts and (ii) commencing on or around February 13, 2009, the representation of Debtor Lehman Commercial Paper Inc. (“LCPI”) with respect to its direct and indirect interests in loans (the “BAWAG Loans”) that financed the 2007 acquisition of BAWAG PSK, an Austrian bank (the “BAWAG Matter”).¹ The financing documentation in connection with the BAWAG Loans is governed by English law. Thus, representatives of the Non-Debtor Lehman Affiliates sought out two English qualified partners in Simpson Thacher’s London office, Ian Barratt and Tony Keal, to work on the BAWAG Matter who are widely recognized in London as being leaders in the financing of cross-border leveraged acquisitions in Europe. Because the Non-Debtor Lehman Affiliates have retained Simpson Thacher in connection with the BAWAG Matter, the Debtors believe it would be efficient and cost-effective for Simpson Thacher to also represent LCPI in connection with the BAWAG Matter.

¹ Simpson Thacher also represents the following non-debtor Lehman affiliates in connection with the BAWAG Matter (the “Non-Debtor Lehman Affiliates”): Lehman Brothers European Mezzanine 2004 Lux, S.a.r.l.; Lehman Brothers European Mezzanine Leveraged Partners 2003 – A, S.a.r.l.; Lehman Brothers European Mezzanine Leveraged Partners 2003 – B, S.a.r.l.; Lehman Brothers European Mezzanine Partners 2003 – A, S.a.r.l.; Lehman Brothers European Mezzanine Partners 2003 – B, S.a.r.l.; Lehman Brothers European Mezzanine Partners 2003 – C, S.a.r.l.; Lehman Brothers European Mezzanine Partners 2003 – D, S.a.r.l.; Lehman Brothers European Mezzanine Retail 2003- A, S.a.r.l.; Lehman Brothers European Mezzanine Retail 2003 – B, S.a.r.l.; and Lehman Brothers European Mezzanine LB, S.a.r.l. Pursuant to fee and expense arrangements agreed between Lehman and Simpson Thacher, the Non-Debtor Lehman Affiliates will be responsible for payment of a percentage of the fees and expenses to be paid to Simpson Thacher for its work on the BAWAG Matter that is proportionate to the Non-Debtor Lehman Affiliates’ shares of the BAWAG Loans.

9. The Debtors' knowledge, information and belief regarding the matters set forth in this Motion are based on and made in reliance upon the Affidavit of Mary Elizabeth McGarry (the "Affidavit") sworn to on March 24, 2009, a copy of which is attached hereto as Exhibit A.

10. Because the Debtors now seek to engage Simpson Thacher with respect to the Additional Matters, the Debtors request entry of an order, pursuant to sections 327(e) and 328(a) of the Bankruptcy Code, Rule 2014(a) of the Bankruptcy Rules, and Rule 2014-1 of the Local Bankruptcy Rules for the Southern District of New York, expanding the scope of the employment of Simpson Thacher as special counsel for the Debtors, effective as of the respective Engagement Dates, with respect to the Additional Matters.

11. To the best of the Debtors' knowledge, Simpson Thacher does not represent or hold any interest adverse to the Debtors, their creditors, any other parties in interest herein, or their respective attorneys or accountants, or the U.S. Trustee, with respect to the matters as to which Simpson Thacher is to be employed, except as may be set forth in the October 31, 2008 McGarry Affidavit, the November 18, 2008 Supplemental McGarry Affidavit, or the Affidavit. *See In re AroChem*, 176 F. 3d 610, 622 (2d. Cir. 1999) (emphasizing that, under section 327(e) of the Bankruptcy Code, potential conflicts must be evaluated only with respect to the scope of the proposed retention). The Debtors have been informed that Simpson Thacher will conduct an ongoing review of its files to ensure that no disqualifying circumstances arise and, if any new relevant facts or relationships are discovered, Simpson Thacher will supplement its disclosure to the Court. *See* October 31, 2008 McGarry Affidavit at ¶ 20.

Notice

12. The Debtors have served notice of this Motion in accordance with the procedures set forth in the amended order entered on March 13, 2009 governing case management and administrative procedures for these cases [Docket No. 2837] on (i) the U.S. Trustee; (ii) the attorneys for the Creditors' Committee; (iii) the Securities and Exchange Commission; (iv) the Internal Revenue Service; (v) the United States Attorney for the Southern District of New York; and (vi) all parties who have requested notice in these chapter 11 cases. The Debtors submit that no other or further notice need be provided.

13. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE the Debtors respectfully request that the Court grant the relief
requested herein and such other and further relief as is just.

Dated: March 24, 2009
New York, New York

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